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Part V

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Corps of Engineers

Evaluation of National Economic Development Employment Benefits

DEPARTMENT OF DEFENSE

Corps of Engineers

[33 CFR Part 344]

[ER 1105-2-354]

Evaluation of National Economic Development Employment Benefits; Proposed Policies and Procedures

AGENCY: Corps of Engineers, DOD.

ACTION: Proposed Rule.

SUMMARY: This regulation establishes evaluation procedures for projected employment as a result of the implementation of proposed water resources plans. This regulation is consistent with the planning requirements of the U.S. Water Resources Council (WRC) Principles and Standards (P&S) and related policies, and will be utilized by the U.S. Army Corps of Engineers in feasibility studies conducted as a part of the Civil Works program.

DATE: Submit comments on or before June 22, 1979.

ADDRESS: Send comments to: Department of the Army, Office of the Chief of Engineers, ATTN: DAEN-CWP-A, Washington, DC 20314.

FOR FURTHER INFORMATION CONTACT: Ed Cohn, Chief of Economic Social Section, Plan Formulation and Evaluation Branch, Planning Division, Directorate of Civil Works, (202-693-7320).

SUPPLEMENTARY INFORMATION: Employment benefits are not a planning objective, but these benefits can be used in the evaluation and selection of alternative projects formulated during the planning process. Any project located in an area officially identified by the WRC as containing unemployed, or underemployed, labor resources is eligible for employment benefits. The areas designated by the Economic Development Administration (EDA) will be used until the WRC makes its designations.

In his message to Congress of June 6, 1978 on water policy, the President directed the Water Resources Council to prepare a manual which will ensure that benefits and costs are calculated using the best techniques and will provide for consistent applicaiton of the Principles and Standards. This regulation will be revised, as required, to be consistent with the manual.

Note.—The Corps of Engineers has determined that this regulation does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A-107.

Dated: May 9, 1979.

For the Chief of Engineers.

Thorwald R. Peterson,

Colonel, Corps of Engineers, Executive Director, Executive Staff.

PART 344—EVALUATION OF NATIONAL ECONOMIC DEVELOPMENT EMPLOYMENT BENEFITS

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Authority: 38 FR 24778, September 10, 1973.

Source: ER 1105-2-354.

Evaluation of NED Employment Benefits

§ 344.1 Purpose.

This regulation prescribes principles, standards, procedures and measurement techniques for evaluating beneficial contributions to the National Economic Development (NED) objective for employment of unemployed or underemployed manpower in construction and installation of a proposed plan formulated under the Water Resources Council *Principles and Standards* (reference § 344.3(a)).

§ 344.2 Applicability.

This regulation is applicable to all OCE elements and all field operating agencies with Civil Works responsibilities.

§ 344.3 References.

(a) Water Resources Council (WRC) Principles and Standards for Planning Water and Related Land Resources, 38 FR 24778-24869. September 10, 1973.

(b) Water Resources Council, *Procedure 1 for Planning Water and Related Land Resources.* July 24, 1974.

(c) ER 1105-2-200.

(d) Area Trends in Employment and Unemployment, Manpower Administration, U.S. Department of Labor, Monthly Publication Employment & Training Administration (TPPL), 601 D Street, NW., Washington, DC 20213.

(e) Qualified Areas Under the Public Works and Economic Development Act of 1965 as amended, Economic Development Administration, U.S. Department of Commerce, Periodic Publication, U.S. Government Printing Office.

(f) An Evaluation of the Public Works Impact Program (PWIP), Economic Development Administration, U.S. Department of Commerce, January 1975 (NTIS #PB-263 098).

§ 344.4 Definitions.

(a) "Employment Benefit" means the NED benefit resulting from the use of otherwise unemployed or underemployed labor in the construction or implementation of a plan.

(b) "Designated Area" means an area which is designated as a Title IV area in reference § 344.3(e).

§ 344.5 Applicability to planning reports.

This regulation is applicable to all planning reports subject to WRC Principles and Standards for Planning (P&S) including those covered by § 344.3(b).

§ 344.6 General principles and standards of benefit evaluation.

(a) *National Economic Development (NED) Account.* Unemployment benefits are a special category of benefits and are a component of the NED account. As explained in the P&S, this component is conceptually an adjustment to the cost of a project, because there is no economic cost associated with the use of an otherwise unemployed resource, or full utilization of an otherwise underemployed resource. Due to measurement problems, benefits are limited to payments to unemployed and underemployed labor resources directly employed in the construction and installation of a plan.

(b) *Regional Development (RD) Account.* Operation and maintenance labor earnings over the life of the project are RD benefits. Other plan induced employment such as related to new commercial and industrial activities will also be included in the RD account.

(c) *Use of Employment Benefits.* Employment benefits are not a planning objective under the meaning of § 290.4(i) of this chapter. Employment benefits will not be used in the design and scaling of projects after formulation. The NED plan will be designated as the plan which maximizes NED benefits when employment benefits are included. Employment benefits are existing benefits.

(d) *Designated Areas.* The WRC Principles and Standards for planning (reference § 344.3 (a)) states that the WRC will designate planning regions which contain unemployed or underemployed labor resources. Until WRC makes its designations,

designations under Title IV of the Economic Development Administration (EDA), U.S. Department of Commerce, will be utilized for plan benefits. The portion of the project located in a designated county is eligible for employment benefits.

§ 344.7 Evaluation procedure and benefit measurement

(a) *Labor Availability.* If the proposed plan is located in a designated area, analysis of employment is required.

(1) Estimate number of employed (skilled and unskilled) and unemployed (skilled and unskilled) construction workers in the labor area. Construction labor pool data is usually available from local offices of state employment security agencies. The categories should be developed from Table II–E–6–A and B of § 344.3(f).

(2) Estimate briefly and deduct the number of construction workers that may be required for other construction projects proposed for the area.

(b) *Labor Requirements of Plan Implementation.*

(1) *Labor Cost.* Manpower requirements of water resource projects differ widely. Construction cost estimate data will provide percent of labor cost to total construction contract cost. Corps of Engineers design and administration costs, land cost and other nonconstruction related costs are deducted from total plan cost to arrive at construction costs.

(2) *Manpower Requirements.* Plan construction work force is analyzed to determine manpower requirements for skilled and unskilled categories of workers. This data should be converted to total construction wages by skilled and unskilled categories. In addition, the wage bill associated with "white collar" workers needed on the project will be estimated. (§ 344.3(f) Tables II–E–6 & 7 for definitions).

(c) *Potential Employment.* The manpower requirements of the project will be compared to labor availability in eligible areas. Where the availability is significantly in excess of requirements, proceed to the next step. Where availability is not significantly in excess of requirements, a reduction in the percents in the next step will be made. The reduction will be based upon one or more of the following: expert interviews, a careful match-up of requirements and availability for specific job types (e.g., carpenters), consideration of male-female components of labor force, unemployment rate above 4 percent, and the like.

(d) *NED Employment Benefits: Standard Method.* The following percentages were derived from § 344.3(f). While § 344.3(f) is not completely comparable to typical Corps projects, it does provide the only known empirical basis for deriving unemployment benefits. Case 1 covers situations where there is no "local hire" rule. It is taken directly from § 344.3(f); the Public Works Impact Program has no local hire rule. Case 2 covers situations where there is a "local hire" rule; § 344.3(f) data were modified to account for an 80 percent local hire by scaling up the actual local hires (for skilled and unskilled workers) to 80 percent, but retaining the distribution of local hires previously employed to local hires previously unemployed in § 344.3(f).

(1) *Case 1, NED Benefits, Present Worth.* The total wages including contingencies, determined by categories of workers (skilled, unskilled and other) will be multiplied by the following percentages to obtain the present worth of NED benefits. In addition, any interest during construction associated with wages to unemployed will be added as a benefit to the present worth of NED benefits obtained by applying the percentages:

Skilled	30
Unskilled	47
Other	35

(2) *Case 2, NED Benefits, Present Worth.* The following percentages, plus appropriate interest during construction, will be applied in case 2 situations. However, it must be remembered that the 80 percent local hire rule is only a goal, not a stringent requirement. Therefore, in case 2 situations, the following percentages represent a maximum number. Use of the maximum number must be supported by appropriate correspondence of experts or other data which indicates that the local hire goal is likely to be met. Where this is unlikely, the case 2 percentages will be reduced to intermediate percentages between case 1 and case 2, by prorating, based on total local hires of 50 percent for case 1 and 80 percent for case 2.

Skilled	43
Unskilled	58
Other	35

(3) *Annual NED Benefits.* The present worth NED benefits is placed on an average annual basis using the appropriate rate of interest to bring benefits to project year one and to amortize such benefits.

(e) *NED Employment Benefits. Alternative Methods.* The unemployed and underemployed percentages may be changed from § 344.3(f) if the report supports such change by a study which empirically (not theoretically) shows the use of unemployed and underemployed workers on a simmilar project or a segment of the same project. In utilizing this method, it may be necessary to vary the categorization of construction workers used in the standard method. It is emphasized that while the opinions of experts such as local state employment security agencies, local construction firms, Associations of Contractors, and labor unions should be used as support, these opinions cannot substitute for empirical data. Studies used to document alternative percentages for specific types or locations of projects will be cited or included in the report.

(f) *Indirect Effects.* The percentages from § 344.3(f) measure wages paid directly to previously unemployed and underemployed workers. Previously employed workers may vacate jobs which are then made available to unemployed workers. There is no empirical data to support a quantification of such indirect effects. Therefore, indirect effects cannot be claimed.

(g) *Update of Employment Benefits.* Employment, unemployment and underemployment conditions change over time. Where critical to project justification employment benefits will be updated by a reanalysis at each major stage of preconstruction reporting such as General Design Memo Phase I, Authorization and Funding for Construction. Otherwise, general index updating is acceptable.

Appendix A—Occupational Tables

Blue Collar Unskilled Occupations

Bricklayer Apprentice
Carpenter Apprentice
  Apprentice Carpenter
  Carpenter Helper
Chainman
Deck Hand
Electrician Apprentice
  Apprentice Electrician
  Apprentice Wireman
  Electrician Trainer
Iron Worker Apprentice
Laborer
  Asphalt Distributor
  Assistant Carpenter
  Bottom Laborer
  Brick Tender
  Carpenter Aid
  Carpenter Helper
  Chainsawman
  Common Laborer
  Concrete Braker
  Concrete Laborer
  Concrete Saw
  Construction laborer
  Ditch Laborer
  Drill Helper
  Flag Person

Hod Carrier
Kettleman
Laborer
Laborer Apprentice 3rd
Laborer Group I
Laborer Group V
Labor Shop Man
Laborer Topman
Laborer Utilityman
Landscape Laborer
Mason Helper
Mason Laborer
Mason Tender
Mortarman
Mortarmixer
Pipe Layer
Pipe Helper
Pipe Fitter
Plasterer Tender
Powderman
Pusher
Rakeman
Reboundman
Road Laborer
Roof Helper
Sand Blaster
Set-up-man
Sprinkler Apprentice
Stake Setter
Tender
Termite Operator
Title Setter Operator
Vibrator Operator
Water Truckman
Lumberman and Nurseryman
Tree Thinner
Treeman
Treeplanter
Operating Engineer Apprentice
B.M. Apprentice
EO Group III
EO Group 222
Plumber Apprentice
Plumber Apprentice
Plumber Helper
Painter's Helper
Sheet Metal Apprentice
Vibrator Operator
Watchman
Night Watchman

Blue Collar Skilled Occupations

Blaster
Boilermaker
Boilermaker Foreman
Bricklayer
Block Layer
Truckpointer
Brick Mechanic
Bricklayer Foreman
Carpenter
Form Setter
Journeyman Carpenter
Soft Floor Layer
Carpenter Foreman
Carpenter Superintendent
Cement Mason
Finisher
Journeyman Finisher
Cement Mason Foreman
Diver
Driller
Drill Rig Operator
Electrician
Journeyman Electrician
Mechanical Electrician
Wireman
Journeyman Wireman
Electricial Foreman
General Foreman
General Labor Foreman
Project Foreman
Glazier
Iron Worker
Reinforcing Ironworker
Structural Ironworker
Steel Worker
Steel Erector
Steel Setter
Reinforcing Steel Worker
Iron Worker Foreman
Labor Foreman
Construction Foreman
Foreman
Job Foreman
Lead Foreman
Lather
Lather Foreman
Master Mechanic
Mechanic
Mechanic Welder
Repairman
Repairman Leadman
Oiler
Oiler Equipment Operator
Oiler Operator Group HI
Oiler Track Type
Operating Engineer
Asphalt Distributor Operator
Asphalt Heaterman
Backhog Operator
Blade Operator
Bobcat Operator
Bulldozer Operator
Case Operator
Class A Operator
Class C Operator
Crane Operator
Digger Operator
Distributor Operator
Dragline Operator
Equipment Operator
Equipment Operator Group III
Front End Lift Fork Operator
Heavy Equipment Operator
Hi-Lift Operator
Lift Fork Operator
Light Equipment Operator
Loader Operator
Maintenance Loadman
Motor Grader Operator
Operator Group III
Pan Operator
Park Equipment Operator
Power Drive Moister Operator
Power Equipment Operator
Pneumatic Tire Roller Operator
Pneumatic Tractor Operator
Roller Operator
Scraper Operator
Shovel Operator
Tractor Operator
Trayveyor Operator
Trenching Machine Operator
Truck Loader Operator
Operating Engineer Foreman
Leader Operator
Painter
Brush Painter
Roller Painter
Spray Painter
Painter Foreman
Pile Driver
Pipe Fitter
Sp. Box Man
Pipe Fitter Foreman
Sprinkler Foreman
Plasterer
Plasterer Foreman
Plumber
Pipe Layer
Plumber Foreman
Plumber General Foreman
Plumber Superintendent
Rigger Foreman
Roofer
Sheet Metal Worker
Journeyman Sheet Metal Worker
Sheet Metal Mechanic
Sheet Metal Operator
Sheet Metal Foreman
Steam Fitter
Tile Setter
Truck Driver
Axle Truck Driver
4 Axle Truck Driver
Dump Truck Driver
Road Truck Driver
Tandam Truck Driver
Truck Driver II
Truck Driver Highway
Waterproof Foreman
Welder

Construction Occupations, Except Blue Collar

Assistant Project Coordinator
Assistant Superintendent
Bookkeeper
Civil Engineer
Civil Engineer
Grand Setter
Party Chief
Project Engineer
Project Engineer and Coordinator
Rodman
Surveyor
Transit Man
Clerk
Clerk
Accountant Clerk
Clerk Typist
Typist
Construction Superintendent
Construction Superintendent
Job Superintendent
Project Supervisor
Superintendent
Draftsman
Draftsman
Draftsman Estimator
General Superintendent
Inspector
Project Coordinator
Project Coordinator
Project Foreman
Timekeeper

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